

CITY OF LAREDO, TEXAS

Budget and Finance Terminology

G L O S S A R Y

To assist the reader of the 2003-2004 City of Laredo Annual Budget, this glossary details both specialized and technical terminology that is essential to sound financial and budgetary management in day-to-day operations.

A

ACCOUNTING SYSTEM

The total set of records and procedures which are used to record, classify, and report information on the financial status and operations of an entity.

ACCRUAL ACCOUNTING

A basis of accounting in which revenues are recognized in the period in which they are earned and became measurable, and expenses are recognized in the period incurred instead of when cash is actually received or spent. Example: In accrual accounting, a revenue that was earned between April 1st and June 30th, but for which payment was not received until July 10th, is recorded as being received on June 30th, rather than July 10th.

ACTIVITY

A special unit of work or service performed.

ADMINISTRATIVE TRANSFER

See "Transfer".

ADOPTED BUDGET

See "Budget".

AD VALOREM TAX

This form of tax is based "according to value" of property and is used as the source of revenue to pay general obligation debt and to support the General Fund.

ALL FUNDS SUMMARY

The comprehensive summary of all budgeted funds.

ALLOTMENT

To allot is to divide an appropriation into amounts that may be encumbered or expended during a time period.

AMENDED BUDGET

Represents the original adopted budget plus any amendments passed as of October 1, 19XX. This figure does not include prior year encumbrances or reappropriation.

APPROPRIATION

(1) A legal authorization granted by the City Council to establish legal authority for City officials to make expenditures and/or expenses or incur obligations for specific purposes. It does not include prior year encumbrances or re-appropriations. (2) An authorization made by the City Council which permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and typically granted for a one-year period.

APPROVED BUDGET

As used in fund summaries and department summaries within the budget document, represents the budget as originally adopted by the City Council. It does not include prior year encumbrances or re-appropriations.

ASSESSED VALUATION

A value that is established for real or personal property for use as a basis for levying property taxes. As assessed valuation represents the appraised valuation less any exemptions.

ASSETS

Property owned by the City which has monetary value.

AUDIT

A comprehensive examination as to the manner in which the government's resources were actually utilized concluding in a written report of its findings. (1) A financial audit is a review of the accounting system and financial information to determine how government funds were spent and whether expenditures were in compliance with the legislative body's appropriations. (2) A performance audit consists of a review of how well the government met its stated goals. (3) An accounting audit is intended to ascertain whether financial statements fairly present financial positions and results of operations.

B

BAD DEBT

In the United States, the National Bank Act defines a bad debt as an unsecured debt on which interest or payment is past due and unpaid for six months and which is not in process of collection. In some instances, an entity will set aside a reserve on their books to off-set losses from bad debts.

BANK DEPOSITORY AGREEMENT

A contract between a municipality and a depository, negotiated and entered into in accordance with the specifications of the Local Government Code, of which sets forth the agreements between the parties regarding banking services.

BALANCE SHEET

A financial statement that discloses the financial position of an entity by disclosing its assets, liabilities and equity as of a specific date.

BASE BUDGET

An on-going expense for personnel, contractual services and the replacement of supplies and equipment required to maintain service levels previously authorized by the City Council.

BEGINNING BALANCE

The beginning balance is the residual non-restricted funds brought forward from the previous fiscal year or ending balance.

BOND

A debt instrument embodying a written promise to pay a specified sum of money, the face value or principal, at a specific date or dates in the future (maturity date), together with periodic interest at a specified rate. The most common types of bonds are general obligation and revenue bonds. Bonds are typically used for long-term debt to pay for specific capital expenditures, e.g. buildings, streets and bridges or utility expansion and/or repair.

BOND - GENERAL OBLIGATION (G.O.)

A bond which is secured by the full faith and credit of the issuer. G.O. bonds issued by local units of government are secured by a pledge of the issuer's ad-valorem taxing power. They are usually issued to pay for general capital improvement projects, e.g. parks and street construction. In Texas, G.O. bonds must be authorized by a public referendum.

BOND - PROCEEDS

Funds derived from the sale of bonds for the purpose of constructing major capital facilities.

BOND - REVENUE

Bonds whose principal and interest are paid from earnings of an enterprise fund.

BUDGET

A budget is a plan of financial operation embodying an estimate of proposed expenditures and the means of financing them. The term generally indicates a financial plan for a single fiscal year and is used in either of two ways: (1) the term can designate the financial plan which is to be presented to the appropriating body for adoption, a.k.a. Proposed Budget, or (2) can designate the financial plan which has been approved by the governing body, a.k.a. Adopted Budget.

BUDGET ADJUSTMENT

A legal procedure utilized during the fiscal year by the City staff and City Council to revise any given budget appropriation. City staff has the prerogative to adjust expenditures within its particular departmental budget.

BUDGET CALENDAR

The schedule of key dates which City departments follow in the preparation, adoption and administration of the annual budget.

BUDGET DOCUMENT

The instrument used by the budget-making authority to present a comprehensive financial program to the City Council. The adopted budget document presents the authorization made by the City Council for City officials to obligate and expend appropriated resources.

BUDGET MESSAGE

The opening section of the budget that provides the City Council and the public with a general summary of the most important aspects of the budget, changes from the current and previous fiscal years, and the views and recommendations derived from annual budget negotiations.

BUDGET ORDINANCE

The official enactment by the City Council establishing the legal authority for the City officials to obligate and expend resources.

BUDGETARY CONTROL

The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

BUDGETED FUNDS

Funds that are planned for certain uses but have not been formally or legally appropriated by the legislative body. The proposed budget document that is submitted for City Council approval is composed of budget funds.

C

CAPITAL ASSETS

City assets of significant value and having a useful product life of 10 years or more. These assets are also known as fixed assets.

CAPITAL EQUIPMENT BUDGET - CAPITAL OUTLAY

The portion of the annual operating that appropriates funds for the purchase of capital equipment items. These expenditures are often separated from regular operating items, e.g. salaries, utilities and office supplies. The Capital Outlay Budget includes funds for capital equipment purchases, e.g. typewriters, vehicles, furniture, machinery, building improvements, micro-computers and special tools, which are usually distinguished from operating items according to their value and projected useful product life.

CAPITAL IMPROVEMENT PROGRAM

A plan for capital expenditures to be incurred each year over a period of six future years setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year and the method of financing those expenditures to provide long-lasting physical improvements.

CAPITAL IMPROVEMENT PROGRAM BUDGET

A Capital Improvement Program (CIP) Budget is a plan separated from the operating budget. Items in the CIP are usually construction projects designed to improve the value of government assets, e.g. new streets, sewer lines, buildings, recreational facilities and large scale remodeling.

CAPITAL IMPROVEMENT PROJECT

Capital improvement projects tend to be one-time capital investments for land, facilities, related equipment purchases, planning studies and design work. Generally, maintenance activities, e.g. street maintenance, replacement of vehicles-equipment and minor remodeling of facilities commonly associated with on-going operations for public purposes, are not considered Capital Improvements.

CAPITAL IMPROVEMENT PROJECT ACTIVITY

A capital improvement project activity is one of the following groups:

A. **PLANNING & ENGINEERING:** Includes architectural and engineering professional services, cultural resource surveys, real estate appraisal services, special studies which may include cost-benefit analysis and conceptual design alternatives.

B. **RIGHT-OF-WAY ACQUISITION:** Includes the purchase or acquisition of easements, land for right-of-way, sites for construction, appraisal cost, relocation costs and demolition for site clearance.

C. **UTILITY RELOCATION:** Includes relocation costs necessary to replace utility capital improvements to prepare a site or right-of-way for construction or other appropriate project activities, with such costs commonly paid for by appropriate utility revenues.

D. **CONSTRUCTION:** Includes costs for construction or re-construction of capital improvements, e.g. buildings, streets, bridges, curbs, sidewalks, storm drains, flood control facilities and recreation facilities.

E. **OTHER:** Includes costs for initial capital equipment, e.g. fire fighting apparatus, major recreational equipment and library books normally associated with development of a municipal facility.

CASH ACCOUNTING - CASH BASIS

A basis of accounting which recognizes revenues when received and expenditures when paid.

CASH MANAGEMENT

The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management involves forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships and investing funds in order to achieve the highest interest and return available for temporary cash balances.

CERTIFICATE OF DEPOSIT

A negotiable or non-negotiable receipt for monies deposited in a bank or financial institution for a specified period for a specified interest rate.

CERTIFICATE OF OBLIGATION

Debt instruments secured by the ad-valorem taxing power of a city. Short-term or long-term debt, pending on the particular project, which is authorized by the City Council and does not require prior voter approval.

CHARACTER CODE

A basis for distinguishing types of expenditures. The five major characters used by the City are: 01-Personnel Services, 02-Materials & Supplies; 03-Contractual Services; 04-Other and 05-Capital Outlay. The City utilizes a fourteen digit account code to identify line items. Digits 1-3 represent the fund number, digits 4-5 represent the department number, digits 6-7 represent the division number, digits 8-9 represent the activity basic, digit 10 represents the sub activity, digits 11-12 represent the element and digits 13-14 represent the object code.

CHART OF ACCOUNTS

A chart detailing the system of general ledger accounts.

CITY COUNCIL

The current elected officials of the City as set forth in the City's Charter.

CITY MANAGER

The individual appointed by the City Council who is responsible for the administration of the affairs of the City.

CLOSING ORDINANCE

A document detailing the closure of all funds and accounts and providing for necessary adjustments at the Department level at the end of a fiscal budget year.

COMMERCIAL PAPER

A short-term unsecured promissory note, supported by a bank line or letter of credit, which has a maturity of one to 270 calendar days.

COMMODITIES

Items of expenditure in the operating budget which, after use, are consumed or show a material change in their physical condition, and are characterized as having limited value and rapid depreciation, e.g. office supplies and motor fuel.

CONTINGENCY

A budgetary reserve set aside for emergencies or un-foreseen expenditures not otherwise budgeted.

CONTRACTUAL SERVICES

Goods and services acquired under contract which the City receives from an internal service fund or an outside company. Professional services, utilities, rentals and insurance are examples of contractual services.

COMPETITIVE BIDDING PROCESS

The process under Texas State Law which requires cities to advertise, solicit and publicly open sealed bids from prospective vendors for purchases of \$10,000 or more. After a review period, the City Council awards the bid to the successful bidder.

COUNCIL PRIORITIES

Together with the financial estimates and revenue forecasts, serves as the foundation for the development of the proposed annual budget.

CURRENT

Designates the operation of the present fiscal period as opposed to past or future periods. It usually means items likely to be used up or converted into cash within one year.

CURRENT TAXES

Taxes that are levied and due within one year.

D

DEBT SERVICES

The City's obligation to pay the principal and interest of all outstanding debt instruments according to a pre-determined payment schedule.

DEBT SERVICE RATE

See "Property Tax Rate".

DEBT SERVICE RESERVE

The fund which may be used to pay debt services of revenue bonds if the sources of the pledged revenues do not generate sufficient funds to satisfy the debt service requirements. The reserve fund is either funded in whole or in part from the proceeds of the bonds or is allowed to gradually accumulate over a period of years through required payments of pledged revenues. If the reserve fund is used in whole or in part to pay the debt service, the issuer usually is required to replenish the reserve fund from the first available funds or revenues. A typical reserve requirement might be the maximum annual debt service requirement for any year remaining until the bonds reach maturity.

DEFICIT

A deficit is the excess of expenditures over revenues during a single accounting period, in the case of proprietary funds, the excess of expenses over income during an accounting period.

DELINQUENT TAXES

Taxes which remain unpaid on and after the date on which a penalty for non-payment is imposed.

DEPARTMENT

A major administrative division of the City that indicates overall management responsibility for an operation or a group of related operations within a functional area.

DEPRECIATION

(1) Expiration in the service life of capital assets attributable to normal wear and tear, deterioration and in-adequacy or obsolescence. (2) That portion of the cost of a capital asset which is charged as an expense during a particular period.

DISBURSEMENT

Payment for goods and services in the form of cash or by check.

DIVISION

An organizational unit within a department's structure representing the major functional divisions of work.

E

EFFECTIVE TAX RATE

The rate which will generate the same tax levy next year from the properties on this year's tax roll.

EMERGENCY

An unexpected occurrence, e.g. damaging weather conditions, that require the unplanned use of City funds.

ENCUMBRANCE

Funds which are set aside or committed for a future expenditure. Encumbrances include obligations in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved.

ENTERPRISE FUND

A governmental accounting fund used to account for operations that are financed and operated similarly to private business enterprises where the intent of the governing body is to recover the cost of providing goods through user fees. Rate schedules for these services are established to insure that revenues are adequate to meet all necessary expenditures.

ESTIMATED REVENUE

The amount of projected revenue to be collected during the fiscal year. It may also be defined as the proposed financing sources estimated to finance the proposed projected expenditures.

EXPENDITURE

Decrease in the use of net financial resources for the purpose of acquiring and providing goods and services.

EXPENSES

Outflows, the expiring of assets, incurring liabilities during a period by delivering or producing goods, rendering services and/or carrying out other activities that constitute the entity's ongoing major or central operations.

F

FEES

Charges for services rendered. See also "User Charges".

FISCAL YEAR

The twelve month period designated by the City signifying the beginning and ending period for recording financial transactions. The City of Laredo has specified October 1st to September 30th as its fiscal year.

FIXED ASSET

Assets of a long-term nature that are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

FIXED COST

A fixed cost, e.g. rent, which does not change with increases or decreases in the amount of services provided.

FULL FAITH AND CREDIT

A pledge of the general taxing power of a government to repay debt obligations, typically used in reference of bonds.

FUND

An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. Each fund is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations. Eight major fund types and two account groups are commonly used: General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Enterprise Funds, Internal Service Funds, Expendable Trust Funds, Pension Trust Fund, General Fixed Assets account group and General Long-Term Debt account group.

FUND BALANCE

A positive fund balance or excess of assets over liabilities is a surplus fund. A negative fund balance is called a deficit.

FUND SCHEDULE

A financial forecasting statement that combines beginning and ending balances, and includes estimated revenues for any period of time.

FUNDING SOURCE

A funding source is the specifically identified dollars allocated to meet budgeted requirements and expenses.

FUNDING STATEMENT

Usually pertains to a detailed breakdown of revenue or expenditures, e.g. grants and other awards.

FUND SUMMARY

See "Fund Schedule".

G

GENERALLY ACCEPTED ACCOUNTING PROCEDURES (GAAP)

Uniform minimum standards of and guidelines to financial accounting and reporting.

GENERAL & ADMINISTRATIVE COST

Cost associated with the administration of City services.

GENERAL FUND

The largest fund within the City, it accounts for all financial resources of the government except for those required to be accounted for in another fund. General Fund revenues include property taxes, licenses & permits, local taxes, service charges, and other types of revenue. This fund includes the basic operating services of the City.

GENERAL GOVERNMENT

Refers to a group of activities associated with the administrative function of the City.

GENERAL LEDGER

A file that contains a listing of the various accounts necessary to reflect the financial position and results of operation of the government.

GENERAL OBLIGATION BONDS

See "Bond - General Obligation".

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA)

The organization that awards the Distinguished Budget Presentation Award.

GOAL

A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless; it is not concerned with a specific achievement in a specific time period.

GRANT

A contribution by one government unit or funding source to another unit. The contribution is usually made to aid in a part of a specified function, but it is sometimes also for general purposes.

GRANT MATCH

City cost or "in-kind" services required to match Federal or State grant and programs.

I

INDIRECT COST

A necessary expense for the functioning of the organization as a whole that cannot be directly assigned to one service.

INTER-FUND TRANSFERS

Amounts transferred from one fund to another.

INTER-GOVERNMENTAL GRANT

See "Grant".

INTER-GOVERNMENTAL REVENUE

See "Revenue - Inter-governmental".

INTERNAL SERVICE FUND

A fund used to account for the financing of goods or services provided by one department to another department on a cost reimbursement basis.

INVENTORY

A detailed listing of property currently held by the City showing quantities, descriptions and values of the property, and units of measure and unit prices.

INVESTMENT

Securities and real estate purchased and held for the production of revenues in the form of interest, dividends, rentals and/or base payments.

L

LEVY

To impose taxes, special assessments or service charges for the support of City activities.

LIABILITY

Debt or other legal obligations arising out of transactions in the past which must be paid, renewed or refunded at some future date. The term does not include encumbrances.

LINE-ITEM BUDGET

A budget that lists each expenditure category separately along with the dollar amount budgeted for each specified category.

LONG-TERM DEBT

Debt with a maturity of more than one year after the date of issuance.

M

MAINTENANCE & OPERATION RATE

See "Property Tax Rate".

MANDATE

(1) Defines changes to the current level of service which is required to comply with Federal, State and Local laws and/or ordinances. (2) A contractual obligation or the operation and maintenance requirement for a completed capital improvement.

MATURITIES

The dates on which the principal or stated values of investments or debt obligations mature and may be reclaimed.

MODIFIED ACCRUAL ACCOUNTING

A basis of accounting in which revenues should be recognized in the accounting period in which they become available and measurable, and expenditures are recorded in the period that they are incurred. This type of accounting basis is a conservative financial approach and as such, is recommended as the standard for most governmental funds.

N

NET WORKING CAPITAL

Current assets less current liabilities.

NON-DEPARTMENTAL

See "Revenue - Non-Departmental".

NON-RECURRING REVENUE

Resources recognized by the City that are unique and occur only one time or without distinct pattern.

O

OBJECTIVE

Desired output-oriented accomplishments which can be measured and achieved within a given time frame. Achievement of the objective advances the activity and organization toward a corresponding goal.

OFFICIAL BUDGET

The annual budget as is adopted by the City Council.

OPERATING BUDGET

The portion of the budget that pertains to daily operations that provide basic services for the fiscal year.

OPERATING EXPENSE

Operating expenses are proprietary fund expenses that directly relate to the fund's primary service activities.

OPERATING FUND

Resources derived from recurring revenue sources used to finance the General Fund, Enterprise Funds and "pay-as-you-go" Capital Improvement Projects.

ORDINANCE

A formal legislative enactment by the governing body of a municipality. If it is not in conflict with any higher form of law or ordinance, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies.

OVERHEAD

The element of cost necessary in the production of an article or the performance of a service which are of such a nature that the amount applicable to the product or service cannot be determined readily. Typically, overhead relates to those objects of City expenditures that do not become an integral part of the finished product or service, e.g. rent, electricity, supplies, management and supervision.

OUTSIDE AGENCY

A governmental unit or other organization which requests funding, during the fiscal year, from the City for a specified purpose or objective.

P

PERFORMANCE BUDGET

A budget that focuses upon activities rather than line items. Work load and unit cost data are collected in order to assess the efficiency of services. Typical data collected might include: miles of street paved per year, cost of paved streets per mile, tons of garbage collected per man hour, or cost per man hour of garbage collection.

PERFORMANCE MEASURES

Specific quantitative and qualitative measures of work performed as an object of the department. Quantitative measures are defined as observable and are displayed in numerical format. Qualitative measures are defined as non-observable and are displayed in narrative format.

PERSONNEL SERVICES

All cost related to compensating employees of the City including employee benefit costs, e.g. City contributions for retirement, social security, and health & life insurance.

POSITIONS AUTHORIZED

Full-time and part-time positions budgeted in the personnel services category and included in the Departmental Manyears.

PROGRAM

A program is a plan outlining funding for personnel and capital under which action may be taken toward specific goals and objectives.

PROGRAM IMPROVEMENT

The addition of new equipment, personnel or other expenditures aimed at improving the level of service or expanding services.

PROGRAM BUDGET

A budget that focuses upon the goals and objectives of an agency or jurisdiction rather than upon its organizational budget units or object classes or expenditures.

PROPERTY TAX (AD-VALOREM TAX)

Property taxes are levied on both real and personal property according to the property's value and the tax rate. Property values are established by the Webb County Appraisal District.

PROPERTY TAX RATE

The property tax rate consists of two elements: (1) the maintenance and operation rate (MOR) and (2) the debt service rate (DSR). In MOR, revenues received are deposited in the General Fund and can be used for any public purpose. MOR is subject to the provisions of State statute and an increase in the effective rate greater than 8% is subject to a voter initiated "roll-back" election. DSR is set based upon the City's debt service requirements. In DSR, funds received from this rate are deposited in the Debt Service Fund and are used solely to pay the principal and interest on present and projected debt. MOR and DSR yield a total property tax rate for the current fiscal year.

PROPOSED BUDGET

See "Budget".

PROPRIETARY FUND

An account that shows actual financial position and operations as distinguished from budgetary accounts, e.g. actual assets, liabilities, reserves, fund balances, and revenues & expenditures.

PURCHASE ORDER SYSTEM

A City's system of using documents authorizing the delivery of specified merchandise or services and making a charge for them.

R

RATING

The credit-worthiness of a City as evaluated by an independent agency, such as Moody's or Standard & Poors.

RE-APPROPRIATION

By City Council action, an Operating Budget spending authorization lapses on September 30th of each fiscal year. Any authorization not expended or encumbered is no longer legally allowed to be expended, and the dollars associated with the authorization "fall" to the ending balance. Those items that are seen as important are brought to the City Council to be "re-appropriated" in the new fiscal year.

RECONCILIATION

A detailed analysis of changes of revenue or expenditure balances within a fund.

REDUCTION

To reduce line item expenses due to budgetary constraints.

REFUNDING

A procedure whereby an issuer re-finances an outstanding bond issue by issuing new bonds. Reasons for refunding are to reduce the issuer's interest cost or to remove a burdensome or restrictive covenant imposed by the terms of the bonds being re-financed. The proceeds of the new bonds are either deposited in escrow to pay the debt service on the outstanding obligations when due, or they are used to immediately retire the outstanding obligations. The new obligations are referred to as the "refunding bonds" and the new outstanding obligations being re-financed are referred to as the "refunded bonds" or the "prior issue."

REPLACEMENT COSTS

The cost of a property on a certain date which can render similar service that does not necessitate the same structural form as the property to be replaced.

REQUISITION

A written request from a department to the purchasing office for specified goods or services. This action proceeds the authorization of a purchase order.

RESERVE

(1) An account used to indicate that a portion of a fund's equity is legally restricted for a specific purpose and is therefore not available for general appropriations [designated]. (2) An account used to indicate a portion of a fund's equity is legally restricted, yet not for a specific purpose [un-designated].

RESOURCES

Total dollars available for appropriations, including estimated revenues, fund transfers and beginning fund balances.

RETAINED EARNINGS

The equity account reflecting the accumulated earnings of the various Utility Funds.

REVENUE

(1) Increases in the net current assets of a governmental fund type from other than expenditure refunds and residual equity transfers; increases in net total assets of a proprietary fund type from other than expense refunds, capital contributions and residual equity transfers. Included are such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income. (2) The term designates an increase to a fund's assets which does not increase a liability, i.e. proceeds from a loan, does not represent a re-payment of an expenditure already made, does not represent a cancellation of certain liabilities, and does not represent an increase in contribution capital. (3) An increase in assets due to the performance of a service or the sale of goods. Revenues are recognized when earned, measurable, and reasonably assured to be.

REVENUE BONDS

When a government issues bonds which do not pledge the full faith and credit of the jurisdiction, it issues limited liability revenue bonds. Typically, pledges are made to dedicate one specific revenue source to repay these bonds.

REVENUE ESTIMATE

An estimate of how much revenue will be earned from a specific revenue source for some future period, typically a future fiscal year.

REVENUE - INTERGOVERNMENTAL

Revenue received from another government entity for a specific purpose.

REVENUE - NON-DEPARTMENTAL

Refers to a group of activities which are not associated with nor can be allocated to any particular department. These activities include outside agency contributions, boards, committees & commissions, intergovernmental contracts, general government contingency and liability expenses.

REVENUE - SPECIAL

Specific revenues that are legally restricted to expenditures for specific purposes.

RISK MANAGEMENT

(1) An organized attempt to protect a governmental entity against accidental loss in the most economical method. (2) The liability, either realized or potential, related to the City's day-to-day operations.

S

SERVICES

Contributions to the welfare of others; a public good that is worthy of taxpayers' support. Useful labor performed by the different City departments that yields results, e.g. Fire and Police Departments and Building Inspection and Planning Departments.

SERVICES - CURRENT BUDGET LEVEL

Represents the cost of providing service at the present level before mandates, reductions or improvements are considered and without considering increases in population or service demand.

SINKING FUND

A sinking fund is an account into which a debt issuer makes periodic deposits to ensure the timely availability of sufficient monies for the payment of debt service requirements. The revenues to be deposited into the sinking fund and payments are determined by the terms of the bond contract.

T

TAXES

Taxes are compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits, such as special assessments. The term does not include charges for services rendered only to those paying such charges, e.g. sewer services.

TAX LEVY

The total amount of funds to be raised by general property taxes for operating and debt service purposes specified in the Annual Tax Ordinance that is determined by the Webb County Appraisal District.

TAX RATE

The amount of tax levied for each \$100.00 of assessed property valuation.

TAX RATE LIMIT

The maximum legal property tax rate at which a municipality may levy a tax. The limit may apply to taxes raised for a particular or general purpose.

TRANSFERS

(1) Transfers are the authorized exchanges of cash or other resources between funds. (2) The General Fund supports central services for other funds or departments, the reimbursement of these services to the General Fund is an Administrative Transfer.

TRUST FUNDS

Accounting entities used to account for monies held by the City in a trustee capacity for organizations, programs or other funds.

U

UN-DESIGNATED FUND BALANCE

That portion of a fund balance that is unencumbered from any obligation of the City.

UN-ENCUMBERED BALANCE

The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount money still available for future purchases.

UNIT COST

The cost required to produce a specific product or unit of service, i.e. the cost to purify one thousand gallons of water.

USER CHARGES - USER BASED FEES

The payment of a fee for direct receipt of a public service by the party benefiting from the service.

UTILITY FUNDS

The funds used to account for operations of the City's electric, water, sanitary sewer and solid waste disposal activities.

V

VOUCHER

A document indicating that a transaction has occurred. It usually contains the accounts related to the transaction.

Y

YIELD

The rate earned on a monetary investment.